Kronberg Capital

H1 2026

Managed by

PILGRIM PARTNERS ASIA 瑞盛亚洲

Kronberg Capital VCC – Global Equities
Managed by Pilgrim Partners Asia Limited
137 Telok Ayer Street #04-07
Singapore 068602

July 23, 2026

Dear Partners,

It was a rocky first half of 2026. The portfolio returned -7.9% against the benchmark's 9.9%. The index itself, despite a fair amount of volatility, marched upward, but under the hood the individual sectors diverged wildly. This was driven largely by capital rotating into AI-related sectors along the AI bottleneck chain and out of most others, and by the impact of the Iran war on certain industries and geographies.

With no direct exposure to AI, we were not on the winning side of this. The indices kept moving from one high to the next while most of our companies' share prices barely moved or declined. So why not just buy the index, or jump on the train? A large part of the indices' gains is driven by returns along the AI bottleneck chain. For example, in emerging market indices, the concentration of just the top three names (TSMC, Samsung, and SK Hynix) approached nearly 30% at the end of H1 2026. Considering financial history, I believe this will reverse at some point in the future. AI doesn't turn a cyclical industry into a non-cyclical one and scarcity-induced high prices and margins don't persist forever, but timing exactly when this will turn is impossible. The other reason: moving into a space that has already done very well, with high expectations fully priced in, is one of the most dangerous things in investing. Beyond that, the AI chain sits too far outside my circle of competence.

Realised gains and losses on positions sold accounted for -2.3% in H1 2026. Those were investments where the thesis turned out differently than expected or which don't fit the more focused strategy anymore. Exiting early kept these losses small and survivable. The larger part of the decline, however, came from positions where I still see both the thesis and the companies' operating performance intact. As such, I believe the movements are mostly short-term noise and I used the share price weakness to add to some of these positions as the return outlook now looks even more attractive than before. More detail follows in the portfolio commentary.

Sharpening the strategy

No strategy outperforms in every environment. During a period of underperformance, one is left with three choices: stay the course, adjust, or change it altogether. It is generally a mistake to change the underlying strategy and philosophy during a period of underperformance. A sound strategy is tied to one's character, preferences, background, strengths and weaknesses, which do not change with the market cycle. And if one's holdings get cheaper during a spell of underperformance, that sets the stage for better performance afterwards. What I do believe is right, especially in the early phase after launching the fund in August 2025, are small adjustments that do not touch the core of the strategy or philosophy.

While a large part of the performance so far has been driven by the factors described in the introduction, I also think the strategy I started with had one flaw. It was too broad. So, I decided to narrow it, while staying true to the core of my philosophy: strong companies that are number one or two in their niche, run by competent management with a proven track record, carrying a low debt profile, highly cash generative, founder- or steward-operated, and bought with a margin of safety.

Specifically, I narrowed our focus to growth companies, with an emphasis on founder-operated businesses, preferably in the small- to mid-cap space. I will explain later why I believe this is a superior long-term strategy for the fund. It also sharpens Kronberg Capital's profile and gives the fund a clear positioning within individual and family-office portfolios. Growth is my background as an entrepreneur, having scaled our e-commerce business KW-Commerce from scratch to 8 million customers a year. This segment plays directly into my experiences, personality and mindset. Despite the narrower focus, I have not changed my own allocation to the fund, because I am convinced it is the better strategy: I remain invested with the majority of my net worth, and more than 85% of the fund's current NAV is my own capital.

Our investable universe, which I define as companies that meet our qualitative and quantitative criteria, is trending towards roughly 100 companies globally, and I expect that list to grow moderately over time. Some would find it too narrow. I think it is just right. It lets us follow these companies closely over the years and start buying when the valuation turns attractive. To put the number in perspective: the universe we screen from is roughly 40,000 listed companies. So how did we get from 40,000 to 100 in a few months' work? The quantitative side is the easy part; the qualitative side was the hard part, and here our new team of AI agents did a great job helping with the prefiltering against qualitative criteria, while the judgment calls and deeper investigation were done manually by us.

Founder-operators

11 of our 12 holdings are founder-operated. I don't want to make the case against hired CEOs, some of whom have truly outstanding track records, but I believe the cards are stacked in our favor, and the investment case is more straightforward for founder-operated companies.

The first reason is skin in the game. A founder whose net worth is largely tied to the long-term performance of the business is more likely to make the right decisions, even if it would hurt in the short to medium term. Hired CEOs, whose upside is mostly optionality in the form of share-based compensation (SBC) tied to shorter time periods, are less incentivised to act truly long-term. SBC is often presented as alignment with shareholders, and to a degree it is, but it also creates misalignment by incentivising shorter over longer time horizons and diluting shareholders.

The second reason is knowledge, internal network and trust. A founder carries a deep, often decades-long accumulation of knowledge about the business and the industry that an outside CEO on a short stint cannot replicate. Just as important is the internal network and trust: a founder who has led a company successfully for years already has the buy-in of the team, which makes executing a strategy far easier, whereas an outsider first must earn that trust and only gradually learns the subtleties of the culture and internal dynamics.

The third reason is the usual corporate machinery, namely legal, compliance and HR. A founder-CEO with significant skin in the game is far more likely to make the right decision for the business, with Elon Musk as an extreme example of "founder mode," than a corporate CEO who is held back by overly cautious functions and is more focused on protecting his own downside than on doing what is right for the company, which often means taking measured risk.

While our focus is on founder-operated companies, we also own what I call steward-operated ones. By that I mean businesses run by CEOs who have either held the top job for a very long time or spent a long tenure in other senior internal roles before stepping into it.

Growth companies

The return from a public-market investment comes from three sources: earnings-per-share (EPS) growth, dividends, and multiple expansion or contraction. Of the three, the multiple is by far the most uncertain. It depends on market sentiment and is the hardest to forecast with any real confidence.

For the growth investments we make, the expected return therefore must come mainly from EPS growth plus dividends. That is the part we need to get reasonably right, and we set the minimum bar at a 15% expected annual return, ideally 20% or more. At those rates the investment doubles in roughly 3.8 to 5 years, and that is the potential we are looking for. The question we literally ask ourselves is simple: is this a potential double over the next three to five years? I believe that in life you tend to get what you ask for and what you look for, and asking the right question puts us on the right trajectory.

The next thing we need to get right is not to overpay, so that we avoid the risk of a meaningful multiple contraction. Ideally, we buy at a depressed multiple and pick up a few extra points of total return from a later re-rating, but we never rely on multiple expansion to make the strategy work. A further advantage is that it lets us sit out bear markets: we can hold great growth companies for the long run, largely indifferent to what the market is willing to pay for them in the meantime.

Small- to mid-cap companies

A significant portion of our new holdings sit in the small- to mid-cap space. Investing is a competitive game, and the market is generally quite efficient, especially in the well-followed large-cap space, where the smartest hedge funds, an army of analysts and a great many individual investors are all trying to outsmart each other. There are situations even in large caps where factors like psychological biases, herd behavior and the like create meaningful mispricing, but I expect to find more opportunities among smaller companies.

Here you find companies with little or no analyst coverage, limited data available online, no index inclusion, and most funds are effectively barred from buying them by liquidity constraints, so they are simply not in the game. Our advantage as a small fund is that we can own these names and we do the legwork required to find the ones that are attractive and clearly mispriced. As a small-cap investor we also get access to C-level management most of the time, which lets us form a well-grounded view of the people running the business. I treat our positions like part-ownership of the business, and for most of our small caps, that means staying in regular direct contact with the people running the company.

A further advantage, for high growth small caps, is the trajectory they can follow, which I will illustrate with one of our holdings, Tasmea Limited (TEA). I bought it when it was clearly mispriced and underfollowed, at a market cap of around AUD 1 billion. As the business kept executing well, it gradually attracted more write-ups and coverage. The combination of strong earnings growth with rising investor interest caused the share price to more than double since. At the current price it should qualify for inclusion in the S&P/ASX 300 at the next semi-annual review in September, which will trigger forced buying from index-tracking funds, open the stock to more institutional investors and further improve liquidity: a positive flywheel.

Portfolio Commentary

Time Period	Kronberg Capital (net)	MSCI World (URTH)
2025 (since inception in August 2025)	-3.85%	8.25%
H1 2026	-7.9%	9.9%
Total return		
Since inception	-11.5%	19.0%

The first half of 2026 was a busy one as I sharpened the strategy. I exited positions that no longer fit the focused approach or where the thesis did not play out and established seven new holdings.

It was a weak first half of 2026 at the portfolio level. Realised gains and losses cost the fund -2.3%. That figure combines two different things: positions where I got the thesis wrong and positions where the original thesis remains intact, but which no longer fit the sharpened strategy. Unrealised gains and losses accounted for the remainder. These are quality businesses whose share prices moved against us during the first half of the year, not businesses that have deteriorated, and I expect this impact to be temporary noise.

Because so much changed, I am departing from my usual practice of showing only the fund's top ten positions. This time I will list every current holding, so you get a clear picture of how the sharpened strategy looks in the portfolio. I will give a short business description of each and go into more detail only where there have been significant developments.

Top contributors and detractors in H1 2026

Top 3 contributors	Contribution
Tasmea Limited (TEA)	+3.96%
HENNGE (4475)	+1.00%
Kaspi (KSPI)	+0.51%

Top 3 detractors	Contribution
Converge IT Solutions (CNVRG)	-2.91%
Tencent Holdings (0700)	-2.02%
Mortgage Advice Bureau (MAB1)	-1.81%

Positions I sold were not among the top 3 contributors or detractors.

What we own

Cash (T-Bills)

Dry powder. We hold it in short-dated US T-Bills, earning a risk-free yield of close to 4% while we wait for attractive entry points. Our aim is to be fully invested; the currently elevated cash balance reflects the freed-up capital of the positions we exited in the first half.

Adyen (ADYEN)

Adyen is the invisible technology that moves money at the checkout for many of the world's largest enterprises, both in physical stores and online. Whether you tap your card on a terminal in a shop, pay through an app, or check out on a website of a global brand, it is often Adyen that carries the payment from your bank to the company's bank in seconds, while quietly handling the fraud checks and the many different ways people pay in each country. It is a rare business, built and still run by one of its founders, carrying no debt, and earning a small fee on an enormous and growing flow of payments, so its profits compound as that flow grows.

Converge (CNVRG)

Converge is the Philippines' pure-play fiber broadband challenger, founder-operated by Dennis Anthony Uy, which built the country's largest pure fiber network and took meaningful share from the incumbent duopoly of PLDT and Globe. It is a well-run, cash-generative operator whose share price has badly lagged the healthy underlying business.

Converge is the single largest detractor in H1 2026. That reflects the combination of a large position, still 7.5% after I trimmed it from ~12.5% at the start of the Iran war, and the portfolio's biggest drawdown, at around 30%. This drawdown is a combination of macro effects with the Philippines as a large net energy importer being among the harder-hit markets from the Iran-war energy shock. This market was already out of favor prior to this, as flagged in my last letter. There were also some temporary operational issues, which are now being resolved. Lastly, it faces possible exclusion from the Philippine benchmark, the PSEi, a technical matter that creates real selling pressure, since index-tracking funds would be forced sellers.

As a result, Converge now trades at the widest discount to intrinsic value of anything we own, and I have high conviction the price will eventually close that gap, but the timing is uncertain.

eWeLL (5038)

eWeLL runs the leading electronic medical record and workflow operating system for Japan's home-visit nursing sector. It benefits from two structural trends, an ageing demographic that requires more home care and a policy-driven industry-wide digitisation shift. Their main competitor is pen and paper, with many nurse stations still early in the digitisation process. The company is founder-led, asset-light, recurring and recession-resilient, and the clear leader in an underpenetrated market that larger vendors overlook.

HENNGE (4475)

HENNGE is a Japanese SaaS provider of cloud identity, access management and email security (its HENNGE One suite), acting as the security gatekeeper that sits in front of an enterprise's cloud applications. Founder-led, with high recurring revenue and strong net retention, it is entrenched in the Japanese market as the clear domestic champion. Growth run-rate is strong, with many Japanese companies still moving from on-premise to the cloud. Furthermore, HENNGE significantly increases its offerings with expected price increases, a long run-rate for margin expansion and is still trading at a very low EV/FCF multiple.

Futu Holdings (FUTU)

Futu is the "Robinhood of Asia," a fast-growing founder-led online brokerage and wealth platform (the Moomoo and Futubull apps) serving self-directed retail investors across Hong Kong, Singapore, the US, Japan and other markets. It is Tencent-backed, highly profitable, the clearly superior online broker in Asia, and a picture-book capital allocator.

At the time of purchase the main overhang on Futu was its mainland Chinese clients. The Chinese regulator had opened an investigation in 2022, but the case had since gone quiet. It was clearly a risk, but a quantifiable one, with an estimated impact on assets of around 20%. My assumption was that this was a tail risk that most likely would not materialise, and, more importantly, that even if it did the position would still be a good investment and the thesis would hold.

Well, shortly after I bought it, the risk materialised. Futu was hit with penalties and forfeiture of illegal gains totaling around RMB 1.85 billion (roughly USD 255 million) and ordered to wind down its mainland China clients over two years, and the share price tanked. I used the weakness to add to our position, and so did the company: after sitting for years on authorised buybacks it had barely touched, Futu bought back stock heavily once the price collapsed. That is a picture-book example of capital allocation.

The forced offboarding hurts in the near term, but it should prove a net positive over the long run. The regulatory overhang that has loomed over Futu for years, and that kept many institutions from owning the stock, will be gone once the wind-down is complete, widening the potential investor base.

I see Futu as combining one of the biggest operating-growth potentials in the portfolio with the strongest multiple-rerating potential, precisely because the valuation is so depressed after the regulatory news. The flip side of that same news is that Futu is also a large detractor in the portfolio in H1 2026.

Kaspi (KSPI)

Kaspi is Kazakhstan's dominant fintech super-app, spanning payments, marketplace, consumer lending and integrated government services, founder-operated by co-founder and CEO Mikhail Lomtadze. It is among the strongest listed businesses I have come across.

I have owned Kaspi in my personal account since 2024, and the fund has held it since inception. Before I bought, I travelled to Almaty to do the research myself, since there was considerable disbelief in the investment community about financials this good. What I found confirmed the thesis. Kaspi is omnipresent. Payment terminals are Kaspi rather than card, as they are elsewhere, and the app is woven into daily life to a degree I have rarely seen in other markets. Some locals joke that the country should be called Kaspi-stan.

In early 2025 Kaspi acquired a controlling stake in Hepsiburada, Turkey's second-largest online marketplace, which creates a significant potential long-term upside for us.

As expected of a fintech in a frontier market, the share price is volatile. The dividend, paid quarterly, currently yields more than 8%.

Nu Holdings (NU)

Nu is Latin America's largest digital bank, founder-led by David Velez, serving over 100 million customers across Brazil, Mexico and Colombia with a low-cost, mobile-first model that keeps taking share from high-cost incumbent banks. It pairs rapid customer and deposit growth with improving unit economics and real operating leverage.

We have owned Nu since the fund's inception. The share price has been volatile, as it tends to be for a fast-growing emerging-market bank, but the business is executing at a very high level: in Q1 2026 it passed 135 million customers, topped USD 5 billion of quarterly revenue for the first time, earned USD 871 million of net income (up 41% year on year) at a 29% return on equity, and reached break-even in Mexico ahead of its own plan. The one thing we monitor is credit quality as the book expands into higher-risk unsecured lending, but the underwriting is holding so far.

Mortgage Advice Bureau (MAB1)

MAB is the UK's largest mortgage intermediary network, founder-operated by Peter Brodnicki, earning a capital-light commission on the mortgages and protection products its appointed advisers arrange. It is a high-return, cash-generative franchise steadily gaining adviser share in a fragmented broking market.

The share price came under pressure in the first half from a combination of technical and macro factors, and in H1 2026 was the third largest detractor in the portfolio. It is worth noting that none of this reflects the business, which is performing in line with expectations. Mortgage applications in the first 16 weeks of 2026 were up 19% year on year, and refinancing activity is expected to stay robust throughout the rest of the year. The pressure was on the shares, not on the operations.

The technical factor is MAB's move from AIM to the Main Market of the London Stock Exchange, which completed on 1 May. AIM shares carry advantages the Main Market does not, chiefly inheritance-tax relief. Part of MAB's register sits with funds that because of these tax benefits can only own AIM-listed stocks. The move away from AIM meant that these funds were forced to sell the shares, which mechanically weighs on the price in the short term. Over the longer term the Main Market is clearly the better home, with a much larger potential investor base, index eligibility, and a path toward FTSE 250 inclusion. The switch inflicts some near-term pain in exchange for a structurally better shareholder base.

The macro factor is the Iran war and the energy shock that came with it. New mortgage demand is sensitive to interest rates, and the spike in oil prices revived inflation fears, which pushed out the market's expected path of Bank of England rate cuts (the Bank held at 3.75%) and soured sentiment on rate-sensitive UK domestic names, MAB among them.

Scout24 (G24)

Scout24 operates ImmoScout24, Germany's dominant real-estate classifieds marketplace and, in my view, the best classifieds business in Europe. Unusually, it earns money from every side of the market at once: agents pay for memberships and listing products, private sellers and landlords pay to advertise their properties, and home seekers increasingly pay for subscription products that improve their search and application. Around this core marketplace it has built a data and software ecosystem, adding proprietary valuation data through Sprengnetter and agent CRM software through Propstack, and is now layering an "Agentic OS for Real Estate" on top, a set of AI agents that automate steps across the transaction and open a new consumption-based way to charge for that ecosystem.

The company is steward-operated: CEO Ralf Weitz joined Scout24 in 2008 and led product and technology from 2018 before taking the top job in 2025, so the strategy is run by a deep insider rather than an outside hire. Powerful two-sided network effects, genuine pricing power and a long runway in digitising German property transactions make it a textbook compounder.

Tasmea (TEA)

Tasmea is a founder-led Australian acquirer of specialist industrial-services businesses across electrical, mechanical, civil, and water. Its core work is genuinely non-discretionary: shutdown, programmed maintenance, and emergency-breakdown services for mining, energy, and industrial asset owners, where plant uptime is critical. Co-founded and still run by Stephen Young and Mark Vartuli, it buys market-leading specialist operators, often the dominant player in remote regions where competition is thin, and runs them on a decentralised basis, keeping the existing management teams and in most cases the original owners in place, aligned through equity and multi-year earn-outs.

In June it agreed to acquire Maxim, a fast-growing specialist electrical contractor (around 70% revenue CAGR over the last two years) strongly positioned in data centres, alongside government infrastructure, rail, and battery storage. The deal completed in early July at a sensible price. It is a good business, but it tilts the group toward larger, more project-based electrical work.

Tasmea's share price is up more than 100% since our initial investment, making it the largest positive contributor in H1 2026. Two things drove that: further value-accretive acquisitions and a re-rating of the multiple. Of those two, the re-rating is not the same as underlying business compounding, and Maxim itself only begins contributing to earnings in FY27, so a meaningful part of the H1 move is anticipation rather than realised results. While Tasmea is now trading closer to our estimate of its intrinsic value, I still expect a long growth run-rate driven by operating income growth and further value-accretive acquisitions.

Tencent (0700)

Tencent is a Chinese founder-operated internet conglomerate built around the WeChat/Weixin super-app, the world's largest video-game business by revenue, plus fintech, advertising and cloud, layered over a vast portfolio of minority stakes in other technology leaders.

We have owned Tencent since the fund's inception. The business is performing better than I expected, but the share price is down, making it the second largest detractor in the portfolio. The market's concern is twofold: whether Tencent's AI investment will pay off, and whether its late entry into the agent race will cost it market share. Note that this is not the AI exposure I said I would avoid. I have no view on who wins the model layer or the silicon beneath it. Tencent is on the demand side of that spending, and it already owns the distribution.

That distribution is the argument. Alibaba shipped a consumer agent in its Qwen app ahead of Tencent, whose WeChat-native agent is expected in Q3 26. But WeChat has roughly 1.4 billion monthly users and an installed base of mini-programs, so switching an agent on inside that ecosystem should drive adoption at a pace a standalone app cannot match. Being second here matters less than being where the users already are.

On capex I think Tencent's restraint is right. Where other hyperscalers are spending beyond their free cash flow to build frontier models and the capacity to run them, Tencent is deliberately model-agnostic, willing to use external models, and does not aim to lead at the frontier. It optimises its models for what they do inside its own products rather than for what they score on public benchmarks, which is the only measure that converts into cash. That restraint caps the downside if the industry's returns disappoint.

The clearest payoff is already visible in advertising, where AI-driven targeting is lifting returns for advertisers and growth has accelerated. Meta walked this road a few years ago, using better ranking and targeting to grow advertising revenue well ahead of impressions. Tencent has more room to run than Meta did, because WeChat's ad load has been kept deliberately low for years. That business alone should contribute meaningfully to the compounding from here.

Wise (Nasdaq: WSE, LSE: WISE)

Wise is a UK-based cross-border payments company offering transparent, fast and low-cost international transfers, plus multi-currency accounts and cards for consumers and businesses, and a fast-growing infrastructure arm, Wise Platform, which powers other financial institutions. Founder-led by Kristo Kaarmann, it enjoys a widening cost advantage.

Wise is a picture-book example of a Scale Economies Shared model: it passes cost savings on to its customers, thereby widening its moat and creating a win-win situation for company and customer. In the short- and medium-term Wise leaves potential margin on the table, but I believe this is the right long-term strategy.

We have owned Wise since the inception of the fund and used share price weakness along the way to add to our position. It is currently the largest position in the fund, slightly below 10%.

What I sold

I sold seven holdings in the first half of 2026, partially driven by the focus in strategy, but also when the thesis was broken. I believe in getting out once it becomes clear that the thesis doesn't hold, while letting the winners in the portfolio run. That is also the reason why you don't see significant winners in the sold positions section. I expect the turnover to be a bit higher in the build-out phase of the portfolio than in the medium- to long run.

Adobe (ADBE)

Adobe was the largest detractor among the positions sold, and the biggest investment mistake since the inception of the fund.

After I already trimmed the position at the beginning of 2026, the final trigger for the sale was the announced departure of CEO Shantanu Narayen, who in March said he would step down after 18 years once a successor is found, staying on as Chair in the meantime. In general, I don't like management changes, and a transition with no named successor during the biggest industry transformation in Adobe's lifetime is exactly the uncertainty I want to avoid. By the time of writing the CFO, Dan Durn, had also left, leaving two of the three most senior seats filled only on an interim basis.

A few takeaways. I underestimated the pace of change in the industry, and I bought at too expensive a price for a company facing visible disruption, where it is still unclear whether Adobe comes out as winner or loser. I also underestimated how far the multiple could fall. The reported business so far is doing well, and revenue growth actually accelerated last quarter, but investing is forward-looking, and over our holding period it became less clear to me what Adobe's future would look like.

Booking (BKNG)

I sold Booking mainly on valuation grounds and on uncertainty about its future trajectory as AI agents take on more travel planning and booking.

I still believe Booking is well positioned in the online travel market, for the reasons set out in my last letter, but I see a real risk of it trading down significantly on market sentiment despite strong fundamentals, facing its own "Adobe moment".

At the current price I see downside and upside as roughly balanced, and that is not what I am looking for in a company that faces increasing uncertainty about the future. It still can be a good investment, but only if the downside is protected with a low share price, which it currently isn't.

It stays on the watchlist, and I may find an attractive entry point with positive asymmetry in the future.

BYD (1211)

I sold BYD at the beginning of Q2 2026, having owned it in my personal portfolio since early 2024 and in the fund since inception.

Despite the extraordinary business CEO Wang Chuanfu has built over two decades, and continues to run well, I found it increasingly hard to see how things would play out over the next three to five years in an environment this hyper-competitive. Chinese overcapacity and the price war became extreme, and BYD had been losing domestic market share since the middle of 2025. I would not sell at the first sign of trouble, when it was unclear whether this is a passing dent or a structural decline, but after monitoring it closely for the better part of a year I concluded I could no longer underwrite the outcome with the conviction our approach requires, and exited.

Novo Nordisk (NOVO B)

I sold Novo in early July, so I comment on the exit here even though the H1 2026 portfolio statistics still include it.

The thesis I set out in my founding letter is largely playing out as expected, but the investment did not deliver the return I underwrote and I exited roughly where I came in. Oral Wegovy, the pill version of the weight-loss drug, is off to a very strong start. The market is expanding quickly and demand responds strongly to price, so the lower US prices coming through from policy are at least partly offset by the extra volume those lower prices unlock. Supply constraints have been resolved and the leadership team has stabilised.

What broke the investment case was the first direct comparison between Novo's CagriSema, its new weight-loss injection, and Eli Lilly's tirzepatide. Expectations ran high for Novo, and earlier separate studies had suggested CagriSema would come out ahead. The head-to-head trial in February went the other way: CagriSema failed to show it was even as good as tirzepatide, delivering 23.0% weight loss against 25.5%. The trial was open-label, meaning patients and doctors knew which drug was being given, which can colour results. One could argue the design was less than ideal, but it applied equally to both drugs, so I would not lean on it as an excuse. The signal is strong, and it puts Novo behind Lilly in the injectable market at a point when Lilly's next drug, retatrutide, is showing very strong results of its own.

Alongside what worked, there are clear learnings.

First, I overestimated Novo's ability to distribute and market a lifestyle drug. Its heritage is in insulin, which was never sold that way, whereas Eli Lilly has genuine consumer marketing muscle, and that has been one of the main reasons Lilly has outperformed Novo by such a wide margin.

Second, I underestimated the uncertainty in drug development. I treated CagriSema matching tirzepatide as the base case and never seriously priced in the possibility that it would lose the head-to-head. In a business where a single trial can permanently reset a company's competitive position, that is too narrow a range of outcomes to underwrite.

The overriding lesson is not to own the number two player on a declining trajectory that is losing share to a stronger competitor. Eli Lilly's share price during the same time frame is up 70%.

<u>Other positions sold (FactSet - FDS, Puregold - PGOLD, Zoetis - ZTS)</u>

I sold FactSet, Puregold, and Zoetis around the end of Q1. FactSet and Puregold were straightforward strategy-fit decisions: I see the thesis intact on both and sold them only because their growth profile no longer suits the sharpened strategy of the fund. Zoetis was different. Beyond the fit question, its main franchises came under real pressure as new competitors moved in, which already weighed on Q4 growth and worsened materially in Q1. I bought Zoetis at too high a valuation just as its market position was starting to slide, a similar mistake as with Novo Nordisk.

Outlook

After a higher portfolio turnover in H1 2026 the portfolio is now aligned with the sharpened strategy, and I expect significantly less portfolio turnover moving forward. We have around 23% of cash to deploy and I find it increasingly hard to find companies at attractive valuations which meet our investment criteria and return thresholds. I am confident we will find some interesting companies in the upcoming months, but I don't expect the velocity for new investments of the first half of 2026 to continue.

Kronberg Capital Factsheet | H1 2026 | 30.06.2026

Strategy

Kronberg Capital invests in high-quality growth companies with a focus on the small- to mid-cap space, based on fundamentals and bought with a margin of safety. We are geography-agnostic and invest across both developed and emerging markets.

- #1 or #2 in their industry
- Founder or steward operated
- Proven track record
- High return on capital
- Strong cashflow generation
- Low debt

Portfolio Statistics

Geography
Global*: 16.9%
Asia: 42.3%
Europe: 10.9%
North America: 0%
South America: 6.8%
Cash: 23.1%

Category
High growth: 50.4%
Stalwart growth: 17.5%
Inflection: 9.0%
Cash: 23.1%

Portfolio Metrics
NTM P/E: 18.1x
NTM FCF Yield: 5.8%
ROE: 30.5%
EBIT margin: 35.5%
EBIT/interest expense: 29.8x
Net debt/(EBITDA-CAPEX): -0.8x

Skin in the Game

Max Kronberg is an entrepreneur turned investor who built and scaled an e-commerce business (KW-Commerce) to 8 million customers per year, before founding Kronberg Capital, now the core of his personal equity portfolio. More than 85% of NAV is his own capital.

- Effectively permanent capital base
- Horizon measured in years, not quarters
- Fully aligned incentives
- No pressure to grow assets for its own sake

Portfolio

Concentrated by design, aiming at 15 to 20 holdings.

- Minimum 3 to 5 year intended holding periods
- Diversified across countries and industries
- Index-agnostic. MSCI World is used as long-term reference only.

Concentration, emerging market and small-cap exposure are expected to bring above-average volatility.

Net Returns (inception August 2025)

	Kronberg Capital (net)	MSCI World (URTH)
2025 (August)	-3.85%	8.25%
H1 2026	-7.9%	9.9%
Since inception	-11.5%	19.0%

Top 10 Holdings

Alphabetically:
Converge (CNVRG), Futu Holdings (FUTU), HENNGE (4475), Joint Stock Company Kaspi (KSPI), Mortgage Advice Bureau (MAB1), Nu Holdings (NU), Scout24 (G24), Tasmea Limited (TEA), Tencent (0700), Wise (WISE)

Top 5 positions concentration (of NAV): 39.0%
Top 10 positions concentration (of NAV): 65.3%

Key Investment Terms

Manager: Pilgrim Partners Asia Limited
Mandate: Global equities, long only
Minimum: USD 100,000
Share class A1: 1.5% Management Fee
Share class A2: 0.5% Management Fee + 15% Performance over 5% hurdle. High-Watermark.

Operations

Structure: Singapore VCC
Regulator: Monetary Authority of Singapore (MAS)
Admin: Protege Fund Services
Auditor: CH Assurance PAC
Contact: max@kronberg-capital.com

** Defined as companies deriving more than 10% of total revenue from markets outside their domestic continent.*